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Midsouth Pulpwood Prices, 1984

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SUMMARY

In 1984, the average price for a cord of Midsouth roundwood was \$50.55, an increase of 4.5 percent from 1983. The average price for a green ton of chipped residues also increased, up 9.0 percent to \$25.44. However, the average price for a green ton of sawdust fell 17.3 percent to \$10.79. Rail delivery prices for wood fiber continue to be lower than truck delivery prices. The expenditure for wood fiber in the Midsouth increased 9.8 percent to \$1,641 million in 1984.

Keywords: roundwood, residue, sawdust.

The average prices paid by Midsouth pulp mills for wood fiber in 1984 are reported in this paper. The prices are based on a survey of 42 pulp mills that collectively received 65 percent of the pulpwood produced in the Midsouth region. The prices reported are for pulpwood deliveries to the pulp mill, mechanized yard, or rail car and do not include freight, woodyard, overhead, or similar expenses. All prices are based on standard units—cords for roundwood and green tons for byproducts. When necessary, reported units were converted to standard units.

After 1983's stable roundwood and depressed chipped residue prices, wood fiber prices in 1984 were generally on the rise. The average price paid for a cord of roundwood increased 4.5 percent. Correspondingly, softwood roundwood prices were up 4.2 percent and hardwood roundwood prices were up 2.5 percent (table 1). The average price for a green ton of chipped residues climbed 9.0 percent in 1984, regaining most of the loss reported in 1983. The price of softwood chips had a similar sized increase in 1984, but still fell 4.8 percent short of the price paid in 1982. In contrast,

the price of hardwood chips climbed 19.1 percent in 1984 to post the highest price paid to date (table 2). Only softwood sawdust prices were reported in 1984, and their average price dropped 27.1 percent from 1983's price (table 3).

The price breakdown by delivery method (tables 4 & 5), shows that roundwood prices for truck deliveries increased slightly more than 5 percent in 1984, while the prices for rail deliveries increased 2.9 percent for softwood roundwood and fell 1.4 percent for hardwood roundwood. Chipped residue prices for either delivery method also increased in 1984 with softwood chip prices increasing 9.6 percent for truck deliveries and 3.2 percent for rail deliveries. Hardwood chip prices increased substantially, climbing more than 20 percent for both truck and rail deliveries. As in previous years, average roundwood and chip rail prices, \$47.45 per cord and \$24.53 per green ton, have been lower than average truck prices for roundwood and chips, \$52.49 per cord and \$25.91 per green ton. These price differences reflect the transportation costs from rail siding to mill yard. In 1984, trucks delivered almost 62 percent of all roundwood and approximately two-thirds of all chipped residues.

In 1984, the total expenditure for wood fiber in the Midsouth was \$1,641 million, a 9.8 percent increase over 1983's expenditure of \$1,495 million. Almost three-quarters of the 1984 expenditure went towards the purchase of softwood fiber. Roundwood purchases accounted for more than three-fifths of the total expenditure and together with chipped residue purchases accounted for almost all of the total expenditure. A detailed breakdown of the total expenditure by product purchases is shown in figure 1.

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Table 1.—Trends in average price per cord for Midsouth roundwood

Year	All species	Softwood	Hardwood
----- Dollars -----			
1972	20.12	20.80	18.56
1973	22.97	23.84	21.32
1974	27.28	28.24	25.32
1975	27.82	28.71	25.71
1976	28.68	29.76	26.50
1977	30.35	31.42	28.10
1978	32.10	33.15	30.35
1979	38.11	40.09	33.92
1980	41.23	43.31	36.69
1981	46.45	50.44	39.48
1982	48.12	52.89	39.79
1983	48.38	53.03	40.09
1984	50.55	55.26	41.10

Table 2.—Trends in average price per green ton for Midsouth chipped residues

Year	All species	Softwood	Hardwood
----- Dollars -----			
1972	7.66	7.79	7.18
1973	8.49	8.50	8.44
1974	10.43	11.12	9.73
1975	11.48	11.76	10.04
1976	11.88	12.39	10.21
1977	12.96	13.46	10.93
1978	14.09	14.66	12.28
1979	17.49	18.37	15.02
1980	19.75	21.08	15.69
1981	24.31	26.12	19.91
1982	25.72	27.95	20.78
1983	23.34	24.47	18.73
1984	25.44	26.61	22.31

Table 3.—Average price per green ton for Midsouth sawdust, 1981-1984

Year	All species	Softwood	Hardwood
----- Dollars -----			
1981	8.19	8.42	4.94
1982	9.17	9.96	8.42
1983	13.04	14.80	7.78
1984	10.79	10.79

Table 4.—Average price for truck delivery of roundwood and chipped residues

Year	Softwood		Hardwood	
	Roundwood ¹	Chips ²	Roundwood ¹	Chips ²
----- Dollars -----				
1978	33.15	14.28	30.94	12.09
1979	41.33	19.22	35.21	14.89
1980	45.36	21.75	38.81	15.80
1981	52.12	26.21	40.38	20.08
1982	54.33	28.38	40.10	20.77
1983	54.35	25.55	41.02	17.15
1984	57.10	28.01	43.24	20.79

Table 5.—Average price for rail siding delivery of roundwood and chipped residues

Year	Softwood		Hardwood	
	Roundwood ¹	Chips ²	Roundwood ¹	Chips ²
----- Dollars -----				
1978	33.16	14.87	29.98	12.50
1979	38.90	18.01	32.90	15.10
1980	41.95	19.70	35.12	15.06
1981	48.27	26.05	37.52	19.62
1982	50.19	27.43	38.78	20.80
1983	50.85	23.38	38.20	21.03
1984	52.31	24.12	37.67	25.85

¹Price per cord.
²Price per green ton.

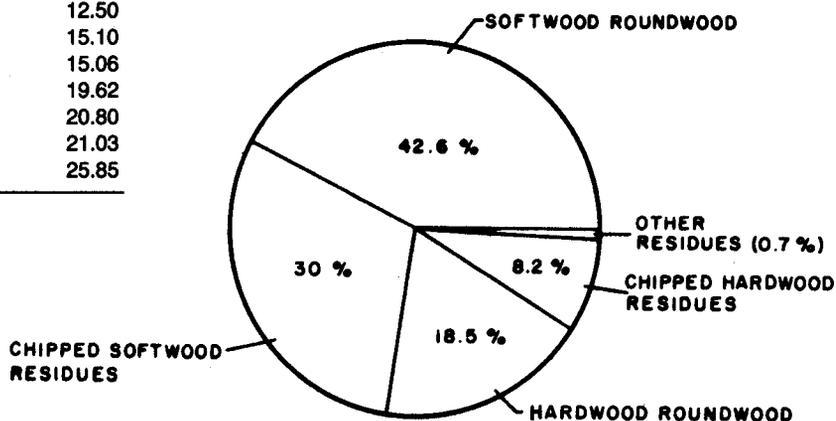


Figure 1.—Expenditures for wood fiber (percent of total expenditure).

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